

## Message Text

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ORIGIN EB-08

INFO OCT-01 EA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07  
SP-02 SS-15 STR-05 TRSE-00 ACDA-12 /106 R

DRAFTED BY EB/ORF/FSE:JCTODD;MW

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EA/J:SECTON

DOE/IA:JMORRIS

EB/ORF/FSE:DFHART

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P 182201Z NOV 77

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: JAPANESE REQUEST FOR INFORMATION ON US OIL  
. STOCKPILE PURCHASES

REF: TOKYO 17215

1. YOU MAY INFORM GOJ THAT USG HAS NOT UNDERTAKEN ANY  
NEW OIL STOCKPILE PROGRAM OTHER THAN THE STRATEGIC  
PETROLEUM RESERVE (SPR). (DEFENSE DEPARTMENT HAS  
ALWAYS MAINTAINED EMERGENCY STOCKS, BUT DATA IS NOT  
RELEASED IN THIS REGARD.) US OBLIGATIONS UNDER IEA'S  
EMERGENCY STORAGE PROGRAM ARE FULLY MET BY STOCKS  
NORMALLY KEPT ON HAND BY US PETROLEUM INDUSTRY, WHICH  
ARE USUALLY EQUAL TO ABOUT 60-70 DAYS CONSUMPTION,  
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I.E., WELL OVER 100 DAYS IMPORTS. GOJ SHOULD BE  
AWARE FROM PAST IEA DISCUSSIONS OF LONG HELD US VIEW  
THAT IEA STOCKING DEFINITIONS SHOULD BE STRENGTHENED  
TO EXCLUDE COMPANY WORKING STOCKS WHICH COULD NOT BE  
DRAWN DOWN IN AN EMERGENCY TO ANY GREAT EXTENT WITHOUT  
INTERRUPTING NORMAL COMPANY OPERATIONS AND AS A  
CONSEQUENCE ECONOMIC ACTIVITY IN IEA MEMBER COUNTRIES.

2. LEVEL AND MAKE-UP OF INDUSTRY STOCKS VARIES  
SEASONALLY, BUT AVERAGE TOTAL FIGURE THIS YEAR IS ONLY

ABOUT 10 PERCENT HIGHER THAN IN 1974; THUS THIS IS NOT  
A SIGNIFICANT FACTOR IN US IMPORTS OR IN WORLD CRUDE  
OIL MARKET. FIGURES ON INDUSTRY STOCKS ARE COMPILED AND  
RELEASED WEEKLY BY AMERICAN PETROLEUM INSTITUTE (API)  
AND USUALLY REPORTED IN TRADE PRESS SUCH AS PLATT'S  
OILGRAM. FOLLOWING ARE API FIGURES FOR STOCKS DURING  
WEEK ENDED OCTOBER 28:

-- CRUDE OIL .....344.8 MILLION BARRELS

-- GASOLINE.....244.2 MILLION BARRELS

-- DISTILLATES.....247.8 MILLION BARRELS

-- RESIDUAL.....86.1 MILLION BARRELS

-- UNFINISHED OILS..113.2 MILLION BARRELS

3. AS PRESENTLY STRUCTURED, STRATEGIC PETROLEUM  
RESERVE PROGRAM CONCERNS ONLY CRUDE OIL (NO PRODUCTS)  
AND ALL CRUDE OIL WILL BE PURCHASED FROM FOREIGN  
SOURCES. PURCHASES OF FOREIGN CRUDE OIL FOR SPR  
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COMMENCED EARLIER THIS YEAR, AND ARE NOW RUNNING AT  
RATE OF ABOUT 65,000 BARRELS PER DAY. TOTAL AMOUNT  
STORED IS NOW ABOUT 2.5 MILLION BARRELS. IF SCHEDULE  
PLANNED FOR STORAGE FACILITIES IS MET, THE FILL RATE  
WILL INCREASE TO 1 MILLION B/D BY END OF 1978. AT  
PRESENT RATE OF IMPORTS, THIS WOULD BE INCREASE OF  
12.5 PERCENT IN US DEMAND FOR CRUDE OIL IMPORTS. IT  
IS EXPECTED, HOWEVER, THAT NEAR-TERM GROWTH IN US  
CRUDE OIL DEMAND WILL BE MET BY ALASKAN OIL PRODUCTION,  
AND THEREFORE PURCHASES FOR THE SPR WOULD NOT NECESSARILY  
INCREASE US OIL IMPORTS BEYOND PRESENT LEVELS.

4. WHEN SPR PLAN WAS BEING DEVELOPED IN 1976, FEDERAL  
ENERGY ADMINISTRATION ANALYZED ECONOMIC IMPACT OF SPR,  
AND CONCLUDED AS FOLLOWS: QUOTE. ACQUISITION OF OIL  
FOR THE SPR IS NOT EXPECTED TO AFFECT WORLD PETROLEUM  
PRICES. THIS STATEMENT IS BASED ON THE EXPECTATION  
THAT THE OPEC CARTEL WILL MAINTAIN ITS HISTORICAL  
PRICE-SETTING. THE MAXIMUM SPR REQUIREMENT FOR OIL  
IN A 12 MONTH PERIOD IS 186 MILLION BARRELS IN THE  
LATTER HALF OF 1978 AND THE FIRST HALF OF 1979. THIS  
IS ABOUT 0.9 PERCENT OF CURRENT WORLD PRODUCTION AND

WOULD REQUIRE AN INCREASE OF ABOUT 1.7 PERCENT IN OPEC'S PRODUCTION RATE. OPEC'S SHUT-IN CAPACITY IS CURRENTLY 21 PERCENT OF PRODUCTION AND TOTAL PRODUCTION CAPACITY IS INCREASING (FEA MONTHLY ENERGY REVIEW, SEPTEMBER 1976).

UNDER THE ASSUMPTION OF AN OPEC PRICE-SETTING POLICY, IT IS REASONABLE TO EXPECT THAT SPR FILL REQUIREMENTS COULD BE SATISFIED BY ADDITIONAL PURCHASES AT THE OPEC PRICE. END QUOTE.

5. FYI: ORIGINAL SPR PLAN, TO WHICH PRECEDING QUOTATION REFERS, IS NOW BEING MODIFIED IN ACCORD WITH PRESIDENT'S DECISION TO INCREASE EVENTUAL SIZE OF SPR TO ONE BILLION BARRELS. ALTHOUGH FILL RATE WILL LIMITED OFFICIAL USE

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BE SLIGHTLY MODIFIED, CONCLUSIONS REGARDING ECONOMIC IMPACT ARE NOT EXPECTED TO CHANGE. END FYI. VANCE

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## Message Attributes

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**Channel Indicators:** n/a  
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**Concepts:** OILS, STOCKPILES  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Subject:** JAPANESE REQUEST FOR INFORMATION ON US OIL . STOCKPILE PURCHASES  
**TAGS:** ENRG, JA, US  
**To:** TOKYO  
**Type:** TE  
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**Review Markings:**  
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